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Federal Communications Commission
Office of the Secretary

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

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In the Matter of	)	
	)	
National Exchange Carrier Association, Inc.	)	ASD 00-42
Proposed 2001 Modification of Average Schedule	)	
Universal Service Formulas	)	

CC: 96-45

APPLICATION FOR REVIEW

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January 26, 2001

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SUMMARY

On October 2, 2000, NECA filed proposed modifications to the average schedule universal service fund (USF) expense adjustment formula (USF Formula), to become effective January 1, 2001. NECA's proposal sought to increase average schedule USF expense adjustments (payments) from about $14.7 million in 2000 to about $20.3 million in 2001. Under NECA's proposal, about 321 average schedule study areas would receive USF payments. NECA's proposal was supported by industry comments, and opposed by no one.

On December 26, 2000, the Common Carrier Bureau's (Bureau) Accounting Safeguards Division (Division) issued an *Order* (*December 2000 Order*) rejecting NECA's proposal. In place of NECA's formula, the Division prescribed, *sua sponte*, a new formula apparently intended to increase 2001 average schedule USF payments to average schedule companies by an amount equal to the rate of growth in loops among average schedule companies.

The Division's *December 2000 Order* must be set aside. First, the Division used the wrong standard to evaluate NECA's formula. Section 69.606(a) of the Commission's rules requires that the formula simulate payments that would be made to similarly-situated cost companies. In accordance with this rule, NECA designed its formula to simulate expense adjustments payable to average schedule companies.

Instead of considering whether NECA's formula accurately simulates the disbursements that similarly-situated cost companies would receive, as the rule requires, the Division tested whether NECA's formula simulates cost per loop amounts. Cost per loop data are related to

expense adjustments, but in a non-linear way that makes it impossible to test the validity of an expense adjustment formula in this manner.

The *December 2000 Order* also questions NECA's formula based on comparisons between growth in cost per loop for groups of companies and growth in expense adjustments. As NECA has previously explained to the Commission, however, changes in average cost per loop for groups of companies do not necessarily relate to changes in average expense adjustments.

The *December 2000 Order* must also be set aside on procedural grounds. Prescribing a change in the level of USF payments to average schedule companies clearly constitutes substantive "rulemaking" under section 553 of the Administrative Procedure Act, for which notice and an opportunity to comment is required. As noted above, the Division directed NECA to adjust the USF formula by an amount equal to growth in loops among average schedule companies, without giving notice to the public of its intent to do so and without providing any opportunity for interested parties to comment. Accordingly, the Commission must set aside the *December 2000 Order* and approve instead NECA's proposed USF Formula filed on October 2, 2000 to become effective as of January 1, 2001.

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APPLICATION FOR REVIEW

The National Exchange Carrier Association, Inc. (NECA) hereby seeks Commission review of an order issued on December 26, 2000 by the Accounting Safeguards Division (Division) of the Common Carrier Bureau (Bureau).[1] The Division's *December 2000 Order* rejected the average schedule universal service fund (USF) expense adjustment formula (USF Formula) proposed by NECA on October 2, 2000, and prescribed in its place a formula intended to limit increases in 2001 average schedule USF payments to the percentage increase in average schedule working loops.

The Division's *December 2000 Order* must be set aside because the formula prescribed by the Division fails to produce disbursements to average schedule companies that simulate payments received by representative cost companies as required by section 69.606(a) of the Commission's Rules. Additionally, the *December 2000 Order* must be set aside on procedural grounds because the Division has prescribed an adjustment to the average schedule

[1] National Exchange Carrier Association, Inc. Proposed 2001 Modification of Average Schedule Formulas, ASD 00-42, *Order*, DA 00-2891 (rel. Dec. 26, 2000) (*December 2000 Order* or *Order*).

USF formula without giving adequate notice to interested parties and without providing an opportunity for comment, as required by the Administrative Procedure Act.[2]

BACKGROUND

On October 2, 2000, NECA filed proposed modifications to the interstate USF and local switching support (LSS) Formulas for average schedule companies, to become effective January 1, 2001.[3] NECA's proposal sought to increase average schedule USF payments from about $14.6 million in 2000 to about $20.3 million in 2001. Under NECA's proposal, these USF amounts would be distributed among 321 average schedule study areas.

Comments supporting NECA's filing were submitted on November 10, 2000 by the Organization for the Promotion and Advancement of Small Telecommunications Companies

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[2] The Division's *December 2000 Order* adopts an analysis that is essentially the same as that used in similar orders issued by the Division on March 17, 1999 (*March 1999 Order*) with respect to NECA's October 1, 1998 Filing, and on March 16, 2000 (*March 2000 Order*) with respect to NECA's October 1, 1999 filing. The *March 1999 Order* was the subject of an Application for Review filed by NECA on April 16, 1999. *See Application for Review* filed by the National Exchange Carrier Association, Inc., In the Matter of National Exchange Carrier Association, Inc. Modifications to the 1998-99 Interstate Average Schedule Formulas, ASD 98-96 (filed Apr. 16, 1999) (*April 1999 AFR*). This AFR in turn, was denied by the Commission on December 20, 1999. *See* National Exchange Carrier Association, Inc., Proposed Modifications to the 1998-99 Interstate Average Schedule Formulas, ASD 98-96, *Order*, 15 FCC Rcd 1819 (2000) (*December 1999 Order*). A Petition for Review of the Commission's *December 1999* Order is currently pending before the Court of Appeals for the District of Columbia Circuit. *See National Exchange Carrier Association, Inc. v. FCC, et al*, No. 00-1055 (D.C. Cir. filed Feb. 17, 2000). The *March 2000 Order* (15 FCC Rcd 50651 (2000)) is currently the subject of an Application for Review filed by NECA on April 17, 2000 (*April 2000 AFR.*)

[3] *See* 2001 NECA Modification of Average Schedule Universal Service Formulas, National Exchange Carrier Association, Inc., October 2, 2000 (*NECA Filing*).

(OPASTCO) and the National Telephone Cooperative Association (NTCA). No oppositions were filed.

On December 26, 2000, four days before the revised USF and LSS Formulas were to become effective, the Division released an order approving NECA's proposed LSS formula,[4] but denying the proposed USF Formula and directing NECA to adjust average schedule USF payments by an amount representing the rate of growth in loops among average schedule companies.[5] No notice or opportunity to comment on the Division's proposal was given to NECA or other interested parties.

DISCUSSION

I. THE DIVISION USED THE WRONG TESTS TO EVALUATE NECA'S PROPOSED USF FORMULA

Section 1 115 of the Commission's rules states that review of actions taken pursuant to delegated authority is warranted where it can be shown that the action is in conflict with statute,

[4] *See* National Exchange Carrier Association, Inc., Proposed 2001 Modification of Average Schedule Universal Service Formulas, ASD No. 00-42, *Order*, DA 00-2891 (rel. Dec. 26, 2000) (*December 2000 Order*).

[5] *December 2000 Order* at ¶ 8. As directed by the *Order*, NECA submitted a schedule of payments that reflected the actual percentage change, and explained the calculation. *See* Letter from Richard A. Askoff, Deputy General Counsel, NECA, to Kenneth P. Moran, Chief, Accounting Safeguards Division, Common Carrier Bureau, Federal Communications Commission (Jan. 11, 2001) (on file with the Commission) (*January 2001 Submission*.) On January 23, 2001, the Division approved NECA's *January 2001 Submission*. *See* Letter from Kenneth P. Moran, Chief, Accounting Safeguards Division, Federal Communications Commission to Richard A. Askoff, Deputy General Counsel, NECA (Jan. 23, 2001) (on file with the Commission.)

regulation, case precedent, or established Commission policy; or where erroneous findings have been made as to important or material questions of fact.[6]

The Division's December 2000 Order must be reversed by the Commission because it violates section 69 606(a) of the Commission's rules, and is based on serious errors of fact.

A. The Division Incorrectly Used a "Cost per loop" Test to Evaluate NECA's Expense Adjustment Formula.

The primary basis of the Division's decision to reject NECA's proposed formula is that NECA's USF formula fails to "model" cost per loop data accurately. The Division's *Order* asserts, for example, that NECA's formula "does not reasonably estimate the sample average schedule companies' costs-per-loop and yields results that are not consistent with the sample average schedule companies."[7]

The Division used the wrong test to evaluate NECA's formula. Instead of considering whether NECA's formula accurately simulated the *disbursements* similarly-situated cost companies would receive, as the applicable rule requires, the Division tested whether NECA's formula accurately simulated *cost per loop amounts*, a related, but different, quantity.[8] This crucial error completely undermines the Division's analysis and, standing alone, requires reversal of the *December 2000 Order*

[6] 47 C.F.R. § 1.115(b)(1)(i) and (v)

[7] *December 2000 Order* at ¶ 8. According to the Division, the "coefficient of determination", or R^2, relating NECA's proposed formula to the sample cost per loop data, is negative, indicating "a tenuous relationship between the proposed formula and the sample cost per loop data." *Id.* at n. 31. As will be explained more fully below, the Division's findings are invalid. NECA's USF expense adjustment formula cannot be judged on its effectiveness in modeling cost per loop data, because it was not designed to do so.

NECA agrees with the Division that cost per loop amounts are critical in the determination of USF payments, and in the determination of an average schedule formula to set such payments This is why NECA obtains actual accounting data from over 200 sample average schedule companies, and, following the procedures set forth in Part 36 of the Commission's rules, determines actual cost per loop amounts for each company participating in the sample. These cost per loop amounts are then used to develop USF expense adjustment amounts for each company participating in the sample, again following the procedures set forth in Part 36 of the Commission's rules.

NECA has repeatedly explained this process to Commission staff, in proceedings relating to NECA's USF formula filings in each year since 1998. It is abundantly clear, however, that fundamental misunderstandings continue to exist regarding the process by which NECA prepares its USF formula. For example, in a footnote accompanying the *December 2000 Order*, the Division states that "*NECA's methodology does not use cost per loop as a basis in developing its USF exchange [sic] adjustment formula.* Instead NECA uses regression to estimate a formula for aggregate USF payments based on sample data and access lines and exchanges. . . ."[9] (emphasis added)

As explained above, NECA *does* use cost per loop as a basis in developing its USF expense adjustment formula. In fact, sample company USF expense adjustments are wholly based on the cost per loop data of sample companies.[10] The Division's failure to recognize, or understand, the significance of this critical point by itself is sufficient to warrant Commission

[8] *See, e g , December 2000 Order at ¶ 7.*
[9] *Id.*, n. 31.

review and reversal of the Division's order.

To reiterate: NECA obtains actual accounting data from sample average schedule companies and uses those data to calculate cost per loop amounts for each company participating in the sample. Cost per loop amounts are calculated in accordance with the procedures specified in section 36.621 of the Commission's rules.[11] NECA then uses these cost per loop amounts to determine USF expense adjustments (*i.e.*, payments) for each sample company. Expense adjustment amounts are also determined in accordance with the Part 36 rules.[12] These expense adjustment amounts are then subjected to regression analyses, producing a formula that predicts USF expense adjustments for the population.

Because the formula is designed to "model" USF expense adjustments of sample companies, and not their underlying costs per loop, it should be obvious that the formula cannot be "tested" by how well it simulates cost per loop amounts. Nevertheless, the Division's statistical analysis of NECA's formula is based precisely on this error.

The Division's analytical confusion can perhaps be traced to an additional step in the USF process by which USF settlements are administered. Because current USF payment systems are designed to accept cost per loop amounts as initial data inputs, NECA is required to derive a specific cost per loop amount for each average schedule company. Without a cost per loop data input value, payments for average schedule companies cannot be processed by the USF administrator.

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[10] *See NECA Filing* at III-2 – III-17.
[11] 47 C.F.R. § 36.621.
[12] 47 C.F.R. § 36.631.

Accordingly, before providing average schedule company USF payment data to the administrator, NECA mathematically transforms the USF expense adjustment amounts predicted by the formula into "derived" cost per loop amounts for each member of the population. These derived cost per loop amounts, when combined with cost per loop amounts calculated for cost companies, permit the USF administrator to determine correct payments for all companies.

The process can be summarized in four steps:

1. Cost per loop amounts are developed for each sample company;
2. Following Part 36 rules, USF expense adjustment amounts for each sample company are determined from cost per loop amounts;
3. Regression analysis is performed on sample company USF expense adjustment amounts to develop a formula that predicts expense adjustments for all average schedule companies; and
4. Expense adjustment amounts for each average schedule company are mathematically transformed into derived cost per loop amounts in order to permit the administrator to calculate USF payments.

As can be seen, NECA begins with actual cost per loop data of sample companies and ends with a derived cost per loop amount for each average schedule company in the population. The Division's *Order* appears to reflect a confusion, however, between the actual cost per loop data obtained from sample companies and the derived cost per loop data produced from the formula's expense adjustment output. Specifically, its analysis appears to assume that the expense adjustment formula can be tested by comparing the derived cost per loop amounts produced at the end of the process to the cost per loop data obtained from sample companies.[13]

[13] *See, e.g., December 2000 Order* at n. 31, *supra.*

This assumption overlooks the fact that the relationship between cost per loop amounts and expense adjustments is highly non-linear. As NECA has repeatedly explained to Division staff, the relationship between cost per loop amounts and expense adjustments is profoundly affected by the payment "thresholds" for USF eligibility incorporated in the Commission's USF rules [14] Because of this non-linearity, it would be highly unreasonable to expect a significant relationship between sample company cost per loop amounts and the cost per loop data derived from predicted expense adjustment amounts. Yet, this is precisely what the Division's analysis assumes. The resulting miscalculation renders the Division's statistical findings meaningless, and completely undermines its analyses of NECA's formula.

NECA has previously explained that it would be possible to develop a cost per loop formula simply by performing regression analysis on sample company cost per loop data, rather than on expense adjustment data.[15] In such a case, the input data for the formula (*i.e.*, cost per loop amounts for sample companies) can be expected to have a linear relationship with the output data of the formula (*i e*, cost per loop amounts for members of the population). Had NECA developed such a formula, it would have passed the Division's statistical tests with flying colors.[16]

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[14] *See, e.g., April 1999 AFR* at 17 and *ex parte* presentations referenced therein. An example of such non-linearity occurs for companies whose loop costs do not qualify them for a USF payment. In these cases, the USF expense adjustment amount is $0.00, an amount which will obviously produce a "derived" cost per loop amount different from the company's actual cost per loop amount. Notwithstanding NECA's prior explanations, the Division has never addressed this issue.

[15] *Id.*

[16] Alternatively, the Division could have tested NECA's expense adjustment formula by comparing its expense adjustment outputs with the calculated expense adjustment data for

Unfortunately, using the cost per loop data derived from such a formula to determine USF expense adjustments for average schedule companies would produce payments to average schedule companies that fall short of the amounts required to "simulate" USF disbursements of representative cost companies, as required by section 69.606(a). This is so because the cost per loop formula approach is inherently biased (*i.e.,* it necessarily produces payments to average schedule companies that fall short of calculated expense adjustment levels).[17] To the extent that such bias produces USF payments to average schedule companies that fail the "disbursements simulation" criteria of section 69.606(a), it would be unreasonable and contrary to the rule for NECA to propose such a formula.

More importantly, the Division's decision to "test" NECA's *expense adjustment* formula as if it were designed to model cost per loop amounts was patently erroneous. Because the Division primarily based its decision to reject NECA's formula on invalid statistical tests, its *Order* must be reversed.

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sample companies, which the formula was designed to model. This test apparently was not considered by the Division.

[17] NECA has previously explained the problem of "threshold bias" to the Division. *See, e.g.*, *April 1999 AFR* at 11 and 17 and at Tab 3, p. 11. The bias effect of a cost per loop formula approach is less severe as average loop costs rise above the 115% threshold.

B. <u>The Division Used Faulty Comparisons Between Changes In Cost Per Loop and USF Expense Adjustments.</u>

The Division also justified its rejection of NECA's formula on a finding that the increase in USF support for average schedule companies under the proposed formula exceeded the percentage growth in loop counts nationally.[18]

As NECA has previously explained, there is no meaningful correlation between percentage increases in loop growth for small groups of companies and their USF expense adjustment levels. For companies at or near the 115% "threshold" level, very small changes in cost per loop can result in disproportionately large percentage changes in USF support. In fact, as NECA explained last year, it is possible for USF payments to change significantly for small groups of companies despite *no* change in their average costs per loop.[19]

Thus, the fact that increases in expense adjustments for average schedule companies under NECA's proposed formula exceed growth in loops provides no basis for rejection of the formula.[20] Accordingly, the Division's *Order* must be reversed on this ground as well.

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[18] *See December 2000 Order* at ¶ 7.

[19] This effect can be illustrated by considering two companies just below the 115% "threshold" for USF payment qualification. If one company's cost increases by $1.00 per loop, while the other company's costs decrease by the same amount, their average change in cost per loop is 0%. Yet, because one has crossed the qualification threshold, their "average" USF payment amount increases 100%. Since average schedule companies are relatively low cost (i.e , have costs per loop near the 115% threshold), disproportionate changes in USF payment levels are common. *See April 1999 AFR* at 14.

[20] Nor does the *December 2000 Order* provide any other basis for rejection:

> As in our previous orders rejecting the same methodology that NECA proposes in this proceeding, we find NECA's proposed USF expense adjustment formula does not reasonably estimate the sample average schedule companies' costs per

II. THE DIVISION FAILED TO PROVIDE ADEQUATE NOTICE AND OPPORTUNITY FOR COMMENT PRIOR TO PRESCRIBING AN ADJUSTMENT TO THE AVERAGE SCHEDULE USF FORMULA

The Division's *December 2000 Order* directed NECA to retain the prior year's formula, and to submit a schedule of payments for approval to reflect average increases in loop growth among average schedule companies.[21]

The Division's formula adjustment was unlawfully promulgated in violation of the Administrative Procedure Act (APA) and in violation of the Division's own stated policy.[22] Although the Division did conduct a paper hearing with respect to NECA's proposed formula,[23] it gave no formal indication that it was considering prescribing an adjustment to the current formula. NECA and other interested parties therefore had no opportunity to comment on the formula adjustment.

Section 553 of the APA requires that the Commission give notice of proposed rule changes and allow interested parties to participate in the process through written submissions

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> loop and yields results that are not consistent with the commission's policies for providing high cost loop support. Thus, we reject it.

December 2000 Order at ¶ 8.

[21] Growth in loops among a consistent set of average schedule companies was 5.18% in the base year, 1999. *See January 2001 Submission.*

[22] In June 1998 the Division specifically and explicitly "affirmed [its] intent to provide adequate notice and opportunity for comment with respect to future average schedule formula modifications proposed by NECA or the Commission." National Exchange Carrier Association, Inc. Proposed Modifications to the 1998-99 Interstate Average Schedule Formulas, AAD 98-20, *Order*, 13 FCC Rcd 17351 (1998).

[23] *See* Pleading Cycle Established for Comments on National Exchange Carrier Association, Inc. 2001 Modification of Average Schedule Universal Service Formulas, ASD 00-42 *Public Notice*, DA 00-2354 (rel. Oct. 18, 2000).

prior to promulgating new substantive rules.[24] These requirements serve to ensure fairness to affected parties, and to assure that an agency has all the relevant facts and information to reach a resolution of a particular administrative problem or to adopt rules.[25]

The APA defines a "rule" as "the whole or part of an agency statement of general or particular applicability and future effect designed to implement, interpret, or prescribe law or policy . . . [including] the approval or prescription for the future of rates . . . prices . . . or allowances therefore or of valuations, costs, or accounting, or practices bearing on any of the foregoing."[26]

In *City of Brookings I,* the Court found that Commission orders approving or denying NECA average schedule revisions are final and subject to review.[27] The Court found that NECA's average schedule revisions "affect the division of revenues among carriers, not

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[24] 5 U.S.C. • 553 (b)(3) provides that notice must include •either the terms or substance of the proposed rule or a description of the subjects and issues involved." 5 U.S.C. • 553 (c) states that •[a]fter notice required by this section, the agency shall give interested persons an opportunity to participate in the rule making through submission of written data, views, or arguments . . . .• The Commission has consistently employed paper notice and comment proceedings prior to adoption of NECA average schedule filings. *See, e.g., Public Notice,* Pleading Cycle Established for Comments on NECA's 1996 Proposed Modifications to the Interstate Average Schedule Formulas, 11 FCC Rcd 1825 (1996).

[25] *MCI Telecommunications Corp. v. F.C C.,* 57 F.3d 1136, 1141 (D.C. Cir. 1995) *citing National Ass•n of Home Health Agencies v. Schweiker*, 690 F.2d 932, 949 (D.C. Cir. 1982).

[26] 5 U.S.C.A. § 551(4). "Rulemaking" is defined as the "agency process for formulating, amending, or repealing a rule." 5 U.S.C A. at § 551(5).

[27] *See City of Brookings Mun. Telephone Co v. FCC*, 822 F. 2d 1153 at 1164 n. 29 (D.C. Cir. 1987) (*City of Brookings I*)

rates."[28] Commission actions establishing divisions of revenues among carriers are taken pursuant to section 201(a) of the Act, which, by its terms, requires that such prescriptions be taken only after opportunity for hearing.[29] Thus, there can be little question that Commission orders prescribing changes in the average schedule formulas invoke the procedural requirements of APA "rulemaking."

In this case, the Division specifically directed NECA to submit a schedule to the Division that sets forth the payments to each average schedule company, calculated in accordance with the Division's directives.[30] There is no question that this order is of binding effect – NECA could not, for example, pay settlements to average schedule companies based on any other formula except as directed by the Division.

The *Public Notice* announcing this proceeding did not in any way suggest that the Division was considering prescribing an increase in year 2001 average schedule USF payments over 2000 payments, based on the overall rate of growth in average schedule loops, nor did the Division explain that it was considering abandoning the "disbursement" requirement specified in section 69.606(a), in favor of a faulty "cost per loop" test.[31] No commenter suggested that the Commission take either of these actions.

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[28] *Id.*

[29] 47 U.S.C.A. § 201(a).

[30] *See December 2000 Order* at ¶ 8.

[31] Nor can the Division's prescription of a "loop growth" increase in USF payments be considered a logical outgrowth of the proceeding, since as explained above, section 69.606(a) requires that the average schedule formulas simulate the disbursements that would be received by representative cost companies. The Division makes no attempt to show, for example, how

Consequently, NECA and the average schedule companies affected by the Division's Order had no opportunity to comment on the Division's prescription prior to its promulgation. Had such an opportunity been provided, commenters undoubtedly would have pointed out to the Division that it is unfair to limit average schedule USF increases to the rate of growth in average schedule loops, when in fact no such limit applies to similarly-situated cost companies.

Another consideration likely to have been raised by commenting parties is the fact that average schedule companies are already subject to the overall cap on the universal service fund under section 36.631(e) of the Commission's rules. This effect is reflected in NECA's proposed formula, so that NECA's proposal already takes into account the effects of the nationwide interim cap on universal service funding imposed by the Commission. Under the Commission's *December 2000 Order*, average schedule companies are subject to another cap, based on average schedule company loop growth, not included in the Commission's rules, and to which cost companies are not subject.

To assure conformance with the APA and Commission rules and to preserve the integrity of Commission processes, the Commission should set aside the Division's unlawful prescription and require the Division to conform to its stated commitment to provide adequate notice and opportunity for comment prior to prescribing future average schedule formula modifications.

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or whether the prescribed formula will produce disbursements that "simulate" those paid to similarly-situated cost companies. A formula prescription that violates the Commission's own rules can hardly be seen as "logical" in any event.

CONCLUSION

Review of actions taken pursuant to delegated authority is warranted where it can be shown that the action taken is in conflict with statute, regulation, case precedent, or established Commission policy; or where erroneous findings have been made as to important or material questions of fact.[32]

Review is warranted here because the Division's findings rest on fundamentally flawed analyses. NECA has repeatedly explained that its expense adjustment model cannot be evaluated based on how well it models cost per loop data. Yet the Division's *December 2000 Order* continues to assume, without basis, that such tests are relevant. NECA has also explained that percentage changes in costs per loop for groups of companies do not necessarily relate to changes in USF expense adjustments, yet the Division continues to criticize NECA's formulas on this basis.

Because the Division's analysis rests on material errors of fact, and because compliance with the standards reflected in the Division's analysis would result in formulas that violate the Commission's rules, the Division's *December 2000 Order* must be set aside by the Commission. The *December 2000 Order* must also be set aside on procedural grounds because the Division has prescribed a new average schedule USF expense adjustment formula without giving adequate notice to interested parties and without providing an opportunity to comment.

[32] 47 C.F.R. § 1.115(b)(1)(i) and (iv).

The Commission should therefore immediately set aside the Division's *December 2000 Order,* and approve instead NECA's proposed USF expense adjustment formula effective as of January 1, 2001, the scheduled date.

Respectfully submitted,

NATIONAL EXCHANGE CARRIER
ASSOCIATION, Inc

By /s/

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January 26, 2001